

## Message Text

UNCLASSIFIED

PAGE 01 CARACA 07676 031616Z  
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 /023 W  
-----064840 040255Z /72  
R 031445Z AUG 77  
FM AMEMBASSY CARACAS  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 8635

UNCLAS CARACAS 7676

PASS TO OED/MEPD AND OIM

E.O. 11652: N/A  
TAGS: BENC, ECEM, VE  
SUBJ: MAJOR PROJECT: PETROCHEMICALS

REF: (A) STATE 165448, (B) CARACAS A-072

1. ING. RAMON CORNIELES, ADVISOR TO THE DIRECTOR GENERAL OF IVP, INFORMED EMBOFF THAT ACTION REGARDING THE SBR, HDPE, AND PP PLANTS AS WELL AS EXPANSION OF THE OLEFINS AND CHLORO-ALKALI FACILITIES HAS BEEN DEFERRED UNTIL NORMAL OPERATIONS AT EL TABLAZO ARE ACHIEVED. THE MAJOR PROBLEM AT EL TABLAZO CONTINUES TO BE THE OLEFINS PLANT WHICH WAS SHUT DOWN BY PRESIDENTIAL ORDER IN MID-FEBRUARY AND, ACCORDING TO ING. CORNIELES, WILL NOT BE READY FOR COMMERCIAL OPERATION UNTIL JANUARY OR FEBRUARY 1978.

2. ING. CORNIELES COMMENTED THAT IVP HAD COMMUNICATED WITH ABOUT TWENTY FOREIGN FIRMS (ABOUT 15 FROM THE U.S. AND INCLUDING SUN OIL, PHILLIPS PETROLEUM, AND PULLMAN KELLOGG) REGARDING THE SIGNING OF A TECHNICAL SERVICES CONTRACT FOR THE EL TABLAZO COMPLEX. HE THOUGHT THAT THE CONTRACT WOULD BE SIGNED BEFORE THE END OF 1977.

3. POST HAS LEARNED THAT SHELL OIL AND MARAVEN (A PETROLEOS DE VENEZUELA (PDV) OPERATING COMPANY WHICH WAS FORMERLY OWNED BY UNCLASSIFIED

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SHELL) HAVE PARTIALLY COMPLETED THE PROJECT DESIGN FOR THE BTX PLANT AND ARE NOW SEEKING ADDITIONAL FUNDS FROM PDV TO FINISH THE STUDY. THE FIRST PART OF THE STUDY WAS CONDUCTED UNDER TERMS OF A TECHNICAL SERVICES CONTRACT THAT MARAVEN HAS WITH SHELL. THIS PLANT IS TO HAVE ONLY 50PERCENT OF THE PRODUCTION CAPACITY ORIGINALLY SPECIFIED IN THE NATIONAL PETROCHEMICAL PLAN (THE ORIGINAL PLAN CALLED FOR THE PRODUCTION OF 490,000 MT/YR OF BEN-

ZENE, 70,000 MT/YR OF TOULENE, AND 380,000 MT/YR OF XYLENES AS WELL AS SMALLER QUANTITIES OF OTHER PRODUCTS). PROJECT MANAGER FOR THE BTX PLANT IS ING. LUIS HERNANDEZ, MARAVEN REFINERY, CARDON, ESTADO FALCON.

4. AS IS POINTED OUT IN SECTION II 6 OF REF B, VENEZUELAN BUSINESSMEN ARE EXTREMELY WARY OF COMPETITORS' REACTIONS TO NEW INVESTMENT OR EXPANSION PLANS THEY MAY HAVE. THEY ARE WILLING TO TALK ABOUT SUCH PLANS IN ONLY THE MOST GENERAL TERMS AND HAVE MADE CLEAR THEIR DESIRE NOT TO BE CONTACTED BY U.S. FIRMS (THEY PREFER TO DO THE CONTACTING THEMSELVES). THEREFORE, POST HAS NOT BEEN ABLE TO OBTAIN DETAILED INFORMATION ABOUT SUCH PROJECTS.

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## Message Attributes

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**Review Markings:**  
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